

**CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE**

**Project Staff Report**

**2021 Second Round**

**October 20, 2021**

Village Green II, located at 650 4th Street West in Sonoma, requested and is being recommended for a reservation of \$715,474 in annual federal tax credits to finance the acquisition and rehabilitation of 33 units of housing serving seniors with rents affordable to households earning 30-50% of area median income (AMI). The project will be developed by Burbank Housing Development Corporation and is located in Senate District 3 and Assembly District 10.

The project will be receiving rental assistance in the form of HUD Section 8 Project-based Vouchers and USDA RHS 521 Rental Assistance.

**Project Number** CA-21-165

**Project Name** Village Green II  
**Site Address:** 650 4th Street West  
Sonoma, CA 95476 County: Sonoma  
**Census Tract:** 1502.040

<b>Tax Credit Amounts</b>	<b>Federal/Annual</b>	<b>State/Total</b>
Requested:	\$715,474	\$0
Recommended:	\$715,474	\$0

**Applicant Information**

**Applicant:** Burbank Housing Development Corporation  
**Contact:** Richard Wallach  
**Address:** 1425 Corporate Center Parkway  
Santa Rosa, CA 95407  
**Phone:** (707) 303-1006  
**Email:** rwallach@burbankhousing.org

**General Partner(s) / Principal Owner(s):** Village Green II, LLC  
**General Partner Type:** Nonprofit  
**Parent Company(ies):** Burbank Housing Development Corporation  
**Developer:** Burbank Housing Development Corporation  
**Investor/Consultant:** Community Economics, Inc.  
**Management Agent(s):** Burbank Housing Management Corporation

**Project Information**

**Construction Type:** Acquisition & Rehabilitation  
**Total # Residential Buildings:** 9  
**Total # of Units:** 34  
**No. & % of Tax Credit Units:** 33 100%  
**Federal Set-Aside Elected:** 40%/60%  
**Federal Subsidy:** USDA RHS 515 / USDA RHS 521 Rental Assistance (28 units - 85%) / HUD Section 8 Project-based Vouchers (5 units - 15%)

**Information**

Set-Aside: Rural  
Housing Type: Seniors  
Geographic Area: Northern Region  
TCAC Project Analyst: Sarah Gullikson

**55-Year Use / Affordability**

<u>Aggregate Targeting Number of Units</u>	<u>Percentage of Affordable Units</u>
At or Below 30% AMI: 22	65%
At or Below 40% AMI: 8	20%
At or Below 60% AMI: 3	5%

**Unit Mix**

26 1-Bedroom Units
8 2-Bedroom Units
<u>34 Total Units</u>

<u>Unit Type &amp; Number</u>	<u>2021 Rents Targeted % of Area Median Income</u>	<u>Proposed Rent (including utilities)</u>
16 1 Bedroom	30%	\$654
3 1 Bedroom	30%	\$654
5 1 Bedroom	40%	\$873
2 1 Bedroom	50%	\$1,091
3 2 Bedrooms	30%	\$785
3 2 Bedrooms	40%	\$1,047
1 2 Bedrooms	50%	\$1,225
1 2 Bedrooms	Manager's Unit	\$0

**Project Cost Summary at Application**

Land and Acquisition	\$2,858,091
Construction Costs	\$0
Rehabilitation Costs	\$4,707,947
Construction Contingency	\$656,385
Relocation	\$256,700
Architectural/Engineering	\$187,500
Const. Interest, Perm. Financing	\$506,999
Legal Fees	\$26,000
Reserves	\$273,695
Other Costs	\$199,649
Developer Fee	\$1,068,010
Commercial Costs	\$0
<b>Total</b>	<b>\$10,740,975</b>

**Residential**

Construction Cost Per Square Foot:	\$185
Per Unit Cost:	\$315,911
True Cash Per Unit Cost*:	\$253,569

<b>Construction Financing</b>		<b>Permanent Financing</b>	
<u>Source</u>	<u>Amount</u>	<u>Source</u>	<u>Amount</u>
CHASE	\$4,721,975	USDA 515	\$740,384
USDA 515	\$740,384	Sonoma County Donated Reserves	\$1,562,000
Sonoma County Donated Reserves	\$1,562,000	Seller Carryback Loan	\$2,069,616
Seller Carryback Loan	\$2,069,616	Deferred Developer Fee	\$50,000
GP Equity	\$1,000	GP Equity	\$1,000
Tax Credit Equity	\$643,797	Tax Credit Equity	\$6,317,975
		<b>TOTAL</b>	<b>\$10,740,975</b>

\*Less Donated Land, Fee Waivers, Seller Carryback Loans, and Deferred Developer Fee

**Determination of Credit Amount(s)**

Requested Eligible Basis:	\$6,115,159
130% High Cost Adjustment:	Yes
Applicable Fraction:	100.00%
Qualified Basis:	\$7,949,707
Applicable Rate:	9.00%
Total Maximum Annual Federal Credit:	\$715,474
Approved Developer Fee (in Project Cost & Eligible Basis):	\$1,068,010
Investor/Consultant:	Community Economics, Inc.
Federal Tax Credit Factor:	\$0.88305

The “as if vacant” land value and the existing improvement value established at application, as well as the eligible basis amount derived from those values, shall not increase during all subsequent reviews including the placed in service review, for the purpose of determining the final award of Tax Credits, unless a waiver has been granted for a purchase price not to exceed the sum of third party debt that will be assumed or paid off. The sum of the third party debt encumbering the property may increase during subsequent reviews to reflect the actual amount.

**Tie-Breaker Information**

First:	<b>Seniors</b>
Final:	<b>59.654%</b>

**Significant Information / Additional Conditions**

Projects with funding and subsidies from HUD are required to use Utility Allowances(UAs) approved by HUD. The applicant has proposed to use the Utility Allowances approved by the Public Housing Authority for the 5 units with Project-based Vouchers and the Utility Allowances approved by the USDA for the remaining 28 units.

**Resyndication and Resyndication Transfer Event:** None.

**Local Reviewing Agency**

The Local Reviewing Agency has not yet completed a site review of this project. Any negative comments in the LRA report will cause this staff report to be revised to reflect such comments.

**Standard Conditions**

The applicant must submit all documentation required for a Carryover Allocation and any Readiness to Proceed Requirements elected. Failure to provide the documentation at the time required may result in rescission of the Credit reservation and cancellation of a carryover allocation.

State tax credit recipients are limited to cash distributions from project operations pursuant to California Revenue and Taxation Code Section 12206(d). By accepting the tax credit reservation, the applicant/owner is agreeing to comply with the statutory limitations and requirements.

TCAC makes the preliminary reservation only for the project specified above in the form presented, and involving the parties referred to in the application. No changes in the development team or the project as presented will be permitted without the express approval of TCAC.

The applicant must pay TCAC a performance deposit and allocation fee calculated in accordance with regulation. Additionally, TCAC requires the project owner to pay a monitoring fee before issuance of tax forms.

As project costs are preliminary estimates only, staff recommends that a reservation be made in the amount of federal credit and state credit shown above on condition that the final project costs be supported by itemized lender approved costs and certified costs after the buildings are placed in service.

All unexpended funds in reserve accounts established for the project must remain with the project to be used for the benefit of the property and/or its residents, except for the portion of any accounts funded with deferred developer fees.

All fees charged to the project must be within TCAC limitations. Fees in excess of these limitations will not be considered when determining the amount of credit when the project is placed-in-service.

If the applicant has requested the use of a CUAC utility allowance, TCAC's Compliance staff will review the CUAC documentation for this project prior to placed in service. Until written approval is received from TCAC, this project is not eligible to use a utility allowance based on the CUAC.

The applicant/owner shall be subject to underwriting criteria set forth in Section 10327 of the regulations through the final feasibility analysis performed by TCAC at placed-in-service.

Credit awards are contingent upon applicant's acceptance of any revised total project cost, qualified basis and tax credit amount determined by TCAC in its final feasibility analysis.

The applicant must ensure the project meets all Additional Threshold Requirements of the proposed project. If points were awarded for service amenities, the applicant will be required to provide such amenity or amenities identified in the application, for a minimum period of fifteen years and at no cost to the tenants. Applicants that received points for sustainable building methods (energy efficiency) must submit the certification required by Section 10325(c)(5) at project completion. Applicants that received increases (exceptions to limits) in the threshold basis limit under Section 10327(c)(5) must submit the certification required by Section 10322(i)(2) at project completion.

<b>Points System</b>	<b>Max. Possible Points</b>	<b>Requested Points</b>	<b>Points Awarded</b>
<b>Owner / Management Characteristics</b>	<b>10</b>	<b>10</b>	<b>10</b>
General Partner Experience	7	7	7
Management Experience	3	3	3
<b>Housing Needs</b>	<b>10</b>	<b>10</b>	<b>10</b>
<b>Site Amenities</b>	<b>15</b>	<b>15</b>	<b>15</b>
Within ¼ mile of transit station or public bus stop	4	4	4
Within 1.5 miles of public park or community center open to general public	2	2	2
Within 1 mile of public library	3	3	3
Within 1 mile of a full-scale grocery/supermarket of at least 25,000 sf	5	5	5
Within 1 mile of medical clinic or hospital	3	3	3
Within 1 mile of a pharmacy	2	2	2
<b>Service Amenities</b>	<b>10</b>	<b>10</b>	<b>10</b>
LARGE FAMILY, SENIOR, AT-RISK HOUSING TYPES			
Service Coordinator, minimum ratio of 1 FTE to 600 bedrooms	5	5	5
Adult ed/health & wellness/skill bldg classes, min. 60 hrs/yr instruction	5	5	5
Health & wellness services and programs, minimum 100 hrs per 100 bdrms	5	5	5
<b>Lowest Income</b>	<b>52</b>	<b>52</b>	<b>52</b>
Basic Targeting	50	50	50
Deeper Targeting – at least 10% of Low Income Units @ 30% AMI or less	2	2	2
<b>Readiness to Proceed</b>	<b>10</b>	<b>10</b>	<b>10</b>
<b>Miscellaneous Federal and State Policies</b>	<b>2</b>	<b>2</b>	<b>2</b>
Smoke Free Residence	2	2	2
<b>Total Points</b>	<b>109</b>	<b>109</b>	<b>109</b>

**Please Note: If more than the maximum Site Amenity points were requested, not all amenities may have been scored and/or verified.**

**DO NOT RELY ON SCORING IN THIS COMPETITIVE CYCLE FOR FUTURE APPLICATIONS. ALL RE-APPLICATIONS ARE REVIEWED WITHOUT RELIANCE ON PAST SCORING.**